



The CANADIAN DRAWN STEEL CO., LIMITED

MANUFACTURERS OF

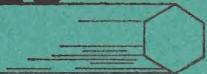
COLD FINISHED CARBON AND ALLOY STEELS

DRAWN & GROUND

TURNED & GROUND

COLD DRAWN

TURNED & POLISHED



MAR 30 1960

Annual Report

December 31st, 1959

The Canadian Drawn Steel Company, Limited

Results at a glance . . .

	1959	1958	1957
Gross Profit.....	\$1,106,540	\$ 776,514	\$ 935,174
Depreciation.....	\$ 52,254	\$ 53,862	\$ 26,918
Income Taxes.....	\$ 460,226	\$ 284,517	\$ 362,199
Net Profit.....	\$ 438,844	\$ 308,939	\$ 391,343
Working Capital.....	\$1,303,575	\$1,112,823	\$1,148,671
Dividends Paid			
Preferred—Regular Dividend.....	\$.60	\$.60	\$.60
Participating—Based on Previous Year's Earnings	\$.19	\$.10	\$.16
Payable		Paid	Paid
Apr. 15/60		Apr. 15/59	Apr. 15/58
Common.....	\$.65	\$.40	\$.45

The Canadian Drawn Steel Company, Limited

To The Shareholders:

It is with pleasure that we submit this report on the operations of your Company for the year ending December 31st, 1959, with Balance Sheet, Profit and Loss and Earned Surplus Statements for that period. The report of the Company's auditors, Messrs. McDonald, Currie & Co., is also attached.

As anticipated, our new storage building on Chatham Street provided the necessary space enabling production to be increased for 1959 over the year 1958 by 30%, a very substantial increase in tonnage for one year. It developed, however, that, to increase efficiency by the combining of orders for longer production runs, a larger portion of the new building had to be used for the storing of finished bars than was originally planned. For this reason, further storage space will probably have to be provided by enlarging the new building, before the full capacity of the present processing machines can be utilized. We feel, however, that the present building will suffice for some time unless the volume increases at a rate faster than anticipated.

The increase in tonnage also had the result of increasing the volume of office work to such an extent that the old office on Gerrard Street was quite inadequate. Your Board of Directors, therefore, had no alternative but to renovate the office building on Chatham Street. This was completed and the transfer made early in October. We feel that this new office, a picture of which is shown in this report, is a very attractive one and provides, for the office staff, proper facilities which have been lacking for years. Many compliments have been received on the building, particularly on the provisions made to ensure that visitors are accorded a cordial welcome. We hope that many of you will be able to inspect this new office, of which we are justly proud.

The increase in sales had the pleasing effect of increasing our profit and also our working capital, as shown in the following summary:

	<u>1959</u>	<u>1958</u>	<u>1957</u>
Net Profit available for Dividends.....	\$ 438,844	\$ 308,939	\$ 391,343
Profit per Common Share.....	\$ 2.18	\$ 1.39	\$ 1.89
Working Capital.....	\$1,303,575	\$1,112,823	\$1,148,671

The results for the year 1958 were so adversely affected by the steel strike in Canada that, in order to give a truer picture, we have included comparative figures for the year 1957.

The Cumulative 60c Dividend Participating Preference Shares of no par value, are entitled to a participation in the net profits of the Company over \$150,000 and this participation out of 1959 net profits amounts to 19c per share (10c - 1958, 16c - 1957), which will be paid on April 15th, 1960.

The movement of the office to a location separate from the plant entailed a great deal of work by the office staff and numerous revisions to our systems; through the willing co-operation given, the move was made efficiently and pleasantly.

Your Board of Directors wish to express their appreciation to the office staff and to all the employees of the company who made the large increase in sales possible.

Respectfully submitted on behalf of the Board of Directors.

Ralph Biggar
PRESIDENT

February 24th, 1960, Hamilton, Ontario.

The Canadian Drawn Steel Company, Limited



Your Company's new Office Building, the second unit on Chatham Street, provides our staff with more than usual natural lighting and other pleasing and necessary facilities, including air conditioning.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Balance Sheet of The Canadian Drawn Steel Company, Limited as at 31st December 1959 and the Statements of Profit and Loss and Earned Surplus for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Company, the accompanying Balance Sheet and Statements of Profit and Loss and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at 31st December 1959 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,
Chartered Accountants.

Hamilton, Ontario,
22nd February, 1960.

T H E C A N A D I A N D R A W N

(Incorporated under)

Balance Sheet as at

ASSETS

	<u>1959</u>	<u>1958</u>
CURRENT ASSETS		
Cash.....	\$ 462,040	\$ 219,214
Government of Canada Bonds (quoted Market Value \$163,960; 1958—\$158,630) at Cost.....	161,900	159,250
Accounts Receivable.....	\$ 493,064	\$ 494,142
Provision for Doubtful Accounts.....	18,000	18,000
	<u>475,064</u>	<u>476,142</u>
Inventories—at the lower of Cost or Market.....	855,987	866,511
Prepaid Expenses.....	9,790	10,888
	<u>\$1,964,781</u>	<u>\$1,732,005</u>
LIFE INSURANCE		
Cash Surrender Value.....	28,218	24,435
FIXED ASSETS		
Buildings, Plant, etc.—at Cost.....	\$1,666,263	\$1,582,960
Accumulated Depreciation.....	1,310,810	1,258,926
	<u>\$ 355,453</u>	<u>\$ 324,034</u>
Land—at Cost.....	46,929	46,929
	<u>402,382</u>	<u>370,963</u>
	<u><u>\$2,395,381</u></u>	<u><u>\$2,127,403</u></u>

Approved on behalf of the Board:

RALPH BIGGAR, Director.
WARREN BIGGAR Director.

STEEL COMPANY, LIMITED

(laws of Canada)

31st December, 1959

LIABILITIES

	<u>1959</u>	<u>1958</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities.....	\$ 370,527	\$ 468,900
Provision for Income and Other Taxes.....	240,413	113,322
Dividends Payable—Preferred Shares.....	50,266	36,960
	<hr/> \$ 661,206	<hr/> \$ 619,182

CAPITAL STOCK AND SURPLUS

Capital Stock—

Authorized, Issued and Fully Paid

147,840 Cumulative Sixty Cent (60c)		
Dividend Participating		
Preferred Shares without		
Nominal or Par Value	}	\$ 246,400
147,840 Common Shares without		\$ 246,400
Nominal or Par Value		

EARNED SURPLUS.....	\$1,487,775	\$1,261,821
	<hr/> \$1,734,175	<hr/> \$1,508,221
	<hr/> \$2,395,381	<hr/> \$2,127,403

The Canadian Drawn Steel Company, Limited

STATEMENT OF PROFIT AND LOSS

for the Year ended 31st December, 1959

	<u>1959</u>	<u>1958</u>
Gross Profit after Provision for Depreciation of \$52,254; 1958—\$53,862.....	\$1,106,540	\$ 776,514
Income from Investments and Rent.....	5,314	5,870
Gain on Sale of Investments and Equipment.....	750	(143)
	<hr/> \$1,112,604	<hr/> \$ 782,241
Remuneration of Executive Officers.....	\$ 66,314	\$ 68,223
Directors' Fees.....	3,500	3,600
Legal and Audit.....	1,400	1,430
Administrative and Selling Expenses.....	142,320	115,532
	<hr/> 213,534	<hr/> 188,785
	<hr/> \$ 899,070	<hr/> \$ 593,456
Provision for Taxes on Income.....	460,226	284,517
Net Profit for the year.....	\$ 438,844	<hr/> \$ 308,939

The Canadian Drawn Steel Company, Limited

STATEMENT OF EARNED SURPLUS

for the Year ended 31st December, 1959

	<u>1959</u>	<u>1958</u>
BALANCE—31st DECEMBER, 1958		
(including \$236 Tax Paid Undistributed Income)..	\$1,261,821	\$1,115,506
Net Profit for the year.....	<u>438,844</u>	<u>308,939</u>
	<u><u>\$1,700,665</u></u>	<u><u>\$1,424,445</u></u>
Dividends—Preferred.....	<u>\$ 116,794</u>	<u>\$ 103,488</u>
—Common.....	<u>96,096</u>	<u>59,136</u>
	<u><u>212,890</u></u>	<u><u>162,624</u></u>
BALANCE—31st DECEMBER, 1959		
(including \$236 Tax Paid Undistributed Income)..	<u><u>\$1,487,775</u></u>	<u><u>\$1,261,821</u></u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the Year ended 31st December, 1959

	<u>1959</u>	<u>1958</u>
SOURCE OF FUNDS		
Net Profit for the Year.....	<u>\$438,844</u>	<u>\$308,939</u>
Provision for Depreciation.....	<u>52,254</u>	<u>53,862</u>
	<u><u>\$491,098</u></u>	<u><u>\$362,801</u></u>
APPLICATION OF FUNDS		
Increase in Fixed Assets.....	<u>\$ 83,673</u>	<u>\$232,270</u>
Increase in Cash Surrender		
Value of Life Insurance.....	<u>3,783</u>	<u>3,755</u>
Dividends.....	<u>212,890</u>	<u>162,624</u>
	<u><u>300,346</u></u>	<u><u>398,649</u></u>
INCREASE IN WORKING CAPITAL.....	<u><u>\$190,752</u></u>	<u><u>(\$35,848)</u></u>

The Canadian Drawn Steel Company, Limited

ADMINISTRATION

DIRECTORS	RALPH BIGGAR, Q.C. - Hamilton, Ontario MARK B. HOLTON - Hamilton, Ontario DONALD J. WILKINS - Toronto, Ontario R. WARREN BIGGAR - Hamilton, Ontario REGINALD J. ELLIOTT - Vancouver, B.C
OFFICERS	RALPH BIGGAR, Q.C. - President and General Manager MARK B. HOLTON - Vice President R. WARREN BIGGAR - Assistant General Manager BERNARD C. EVENDEN - Secretary and Sales Manager H. LYNESS HOWE - Treasurer
GENERAL OFFICE	155 Chatham Street, P.O. Box 679, Hamilton, Ontario
TRANSFER AND DISBURSING AGENT	NATIONAL TRUST CO. LIMITED 14 King St. E., Toronto 1, Ontario
AUDITORS	McDONALD, CURRIE & CO. 15 King St. W., Hamilton, Ontario
BANKERS	BANK OF MONTREAL Main and James Streets, Hamilton, Ontario

